

Permit #: 143  
 PI #: 36-017-90031

Form 3260-2  
 (formerly 9-1957)  
 (June 1988)

UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT  
 GEOTHERMAL DRILLING PERMIT

FORM APPROVED  
 OMB NO. 1004-0132  
 Expires: September 30, 1990

The Bureau of Land Management (BLM) requires this form or other BLM approved forms to be prepared and filed in triplicate with requisite attachments with the authorized officer. The authorized officer must approve this permit prior to any lease operation.

1a. Type of Work: <input checked="" type="checkbox"/> Drill New Well <input type="checkbox"/> Redrill <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Directionally Drill <input type="checkbox"/> Other		9. Unit Agreement Name N/A	
1b. Well Type: <input type="checkbox"/> Production <input type="checkbox"/> Injection <input type="checkbox"/> Heat Exchange <input type="checkbox"/> Observation <input type="checkbox"/> Water Supply <input checked="" type="checkbox"/> Other Temperature Core Hole		10. Well No. CE-BH-4	11. Permit No. see above
1c. Well Status: N/A		12. Field or Area Bend Highlands	
2. Name of Lessee/Operator California Energy Company, Inc.		13. Sec., T., R., B. & M. Sec 26; T16S, R10E	
3. Address of Lessee/Operator 601 California Street, 10th floor San Francisco, CA 94108		14. County Deschutes	
4. Location of Well At surface 4923' East and 1089' North of SW Corner of At proposed prod. zone Section 26, Township 16S, Range 10E		15. State Oregon	
5. Distance from Proposed Location to Nearest Property or Lease Line 1191' North of southern OR17062 lease boundary		16. Approx. Starting Date September, 1989	
6. Distance from Proposed Location to Nearest Well, or Previously Applied for Well Location on this Lease. None existing		17. Acres Assigned (Well Spacing) N/A	

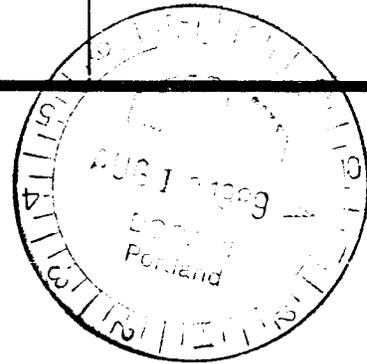
18. Drilling Media and Characteristics: <input checked="" type="checkbox"/> Air <input type="checkbox"/> Mud <input type="checkbox"/> Foam <input type="checkbox"/> Other <input checked="" type="checkbox"/> Water	19. Proposed Depth Measured: 5,500' True Vertical:	20. Elevations: <input checked="" type="checkbox"/> Estimated <input type="checkbox"/> Final 5,300' Reference Datum: <input checked="" type="checkbox"/> GR <input type="checkbox"/> MAT <input type="checkbox"/> DF <input type="checkbox"/> KS <input type="checkbox"/> RT <input type="checkbox"/> Casinghead Flange <input type="checkbox"/> Other
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21. Existing and/or Proposed Casing and Cementing Program (List existing program first, followed by proposed program, and separate by a sufficient space to clearly distinguish the two programs)

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	COUPLING (Collars & Threads)	GRADE	SETTING DEPTH Top Bottom	QUANTITY OF CEMENT
Set 6-7 of 8-5/8"	conductor pipe	(Optional)			Surf. 6-7'	To Surface
7-7/8"	4-1/2"	11.5#	8RD ST&C	K55	Surf. 550'	To Surface
Drill out cement plug and resume drilling with 3.782 OD (RQ) wireline coring system. Reduce core size to 2.980' OD (NQ), as mandated by drilling conditions.						

22. Proposed Work Summary

\*Approximate Kettleman designation 87-26  
 See attached Drilling and Coring Procedure



23. David W. McClain Project Manager August 8, 1989  
 Signed David W. McClain Title \_\_\_\_\_ Date \_\_\_\_\_

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of Approval, If Any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(See instructions on reverse side)